6 CVISN FUNDING & CONTRACTING PROCESS

6.1 Look for Opportunities to be Flexible and Innovative

The process model for securing funding and establishing contracts to support the CVISN program in the state are illustrated in Figure 6–1 (repeated from Chapter 3).

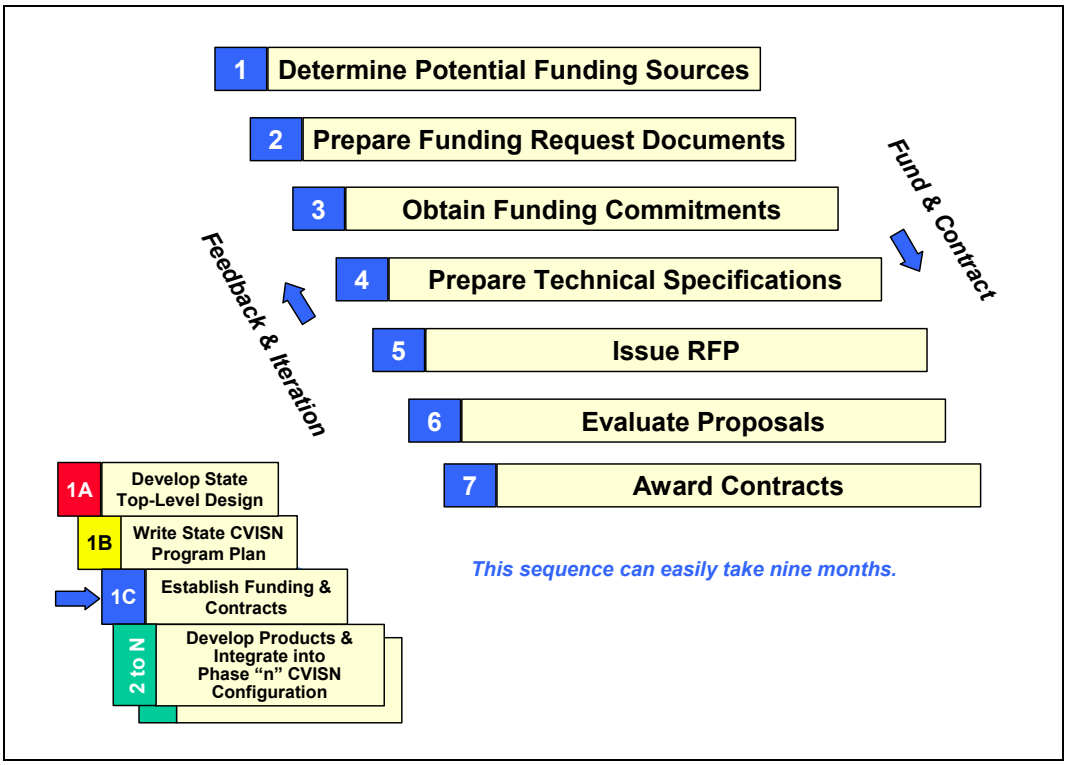

Figure 6-1. Funding & Contracting Process

References given in Appendix A include excellent sources that offer suggestions about the funding and contracting processes. **Appendix E summarizes new and innovative approaches to funding and contracting**. The message from ITS deployment experience is to be as creative and flexible as you can within the constraints of state and federal regulations. Those constraints are not as draconian as you might think.

Some CVISN states have found that the funding and contracting process can easily take nine months. You should plan for a typical process duration, not one based on heroics.

6.2 Determine Potential Funding Sources (Step 1)

Reference [69] identifies funding sources in three main categories: Federal; state and local; and private. There are many models for successful ITS funding. Public-private partnerships are prevalent in the electronic screening programs. Federal funding was used to prototype several electronic credentialing systems. States are using the Internet to provide ever-increasing citizen services. Tap into statewide communication infrastructure improvement initiatives that provide connectivity bandwidth and computer upgrades.

In this first step, the Program Manager actively pursues funding sources. During the development of the State Strategic Business Plan, initial funding is identified. Once the program is underway, the Program Manager continues to cultivate those and additional sources, and incorporates the ITS/CVO project planning in standard state budget planning activities.

Identifying stable and adequate funding is critical to any development program's success.

6.3 Prepare Funding Request Documents (Step 2)

Funding request documents should be based upon credible needs assessments such as historical experience or bottom-up estimates.

Typical cost ranges for implementing CVISN Level 1 are summarized in Table 6–1.

Table 6-1.
State Costs to Implement CVISN Level 1

Functional Area	Low-End Costs	High-End Costs
Safety Information Exchange	$0.25M	$1M
Credentials Administration	$0.5M	$2M
Electronic Screening	$0.5M	$1.5M
Total Cost Range	$2.25M	$6.5M

These costs are based on the experiences of the early states to deploy CVISN and is subject to change. It is given here solely to provide a ballpark estimate.

Use the WBS as the framework to accumulate cost estimates for the program. The spreadsheet in Figure 6–2 is a sample format for bottom-up cost estimates. In addition to this view that displays costs versus tasks, you should also prepare a view that shows costs across calendar time.

The funding request documentation should reference the Program Plan. It is often helpful to extract summary information like program goals, the program organization chart, and preliminary phase plans so that the funders have a clear picture about what it is that you are asking them to support.

WBS	Task	Internal Hours	External Hours	Computed External Costs	Purchases	Services	Travel	Other Costs	Basis of Estimate
	State CVISN Program								
1.0	**Program Management**								
1.1	Planning & Coordination								
1.2	Carrier Coordination								
1.3	Showcases & Outreach								
1.4	Regional Coordination								
1.5	O&M Planning								
1.6	Training								
1.7	Policy								
1.8	Subcontract & Procurement Mgt								
2.0	**System Engineering & Integration**								
2.1	System Requirements Definition								
2.2	System Design								
2.3	Architecture Conformance								
2.4	System Integration & Test								
2.5	Interoperability Testing								
3.0	**Safety Project**								
3.1	Project Management								
3.2	System Engineering & Integration								
3.3	Subcontract & Procurement Mgt								
3.4	CV Information Exchange Window (CVIEW)								
3.5	ASPEN								
3.6	SAFETYNET								
3.7	Safety Build 1								
3.8	Safety Build 2								
3.9	Safety Build n								
4.0	**Credentials Project**								
4.1	Project Management								
4.2	System Engineering & Integration								
4.3	Subcontract & Procurement Mgt								
4.4	International Registration Plan (IRP)								
4.5	International Fuel Tax Agreement (IFTA)								
4.6	Credentialing Interface (CI)								
4.7	Motor Carrier Home Page & Web Credentialing								
4.8	Carrier Credentialing Systems (CAT or module)								
4.9	Intra-State Registration								
4.10	Credentials Build 1								
4.11	Credentials Build 2								
4.12	Credentials Build n								
5.0	**Electronic Screening Project**								
5.1	Project Management								
5.2	System Engineering & Integration								
5.3	Subcontract & Procurement Mgt								
5.4	Roadside Operations								
5.5	Screening								
5.6	Site Mods								
5.7	Carrier E-Screening Enrollment								
5.8	E-Screening Build 1								
5.9	E-Screening Build 2								
5.10	E-Screening Build n								
6.0	**Evaluation**								
6.1	Self-Evaluation								
6.2	National Evaluation (Funded Separately)								

Figure 6-2. Cost Spreadsheet Template

6.4 Obtain Funding Commitments (Step 3)

Obtaining funding commitments is a combination of legal activities and good-faith agreements. Informal agreements may be all that you can achieve for out-year funding. For near-term funding formal, legally-binding commitments are required.

Once funding commitments have been made, you also need to get staffing commitments from the organizations that will be supporting the work.

Partnership agreements can be used for securing both funding commitments and staffing commitments, with internal and external groups [9]. In the partnership agreement the organization providing funding and/or staffing agrees to certain goals, roles, and responsibilities. What the program is promising is also called out.

6.5 Prepare Technical Specifications (Step 4)

Technical specifications define at least what you intend to develop, its interfaces, internal processing requirements, constraints about the operating environment, training to be provided, and maintenance requirements. The technical specifications may be for services, software products, hardware, supporting documentation, or some combination.

Many samples of technical specifications for CVISN are available from individual states. Also see the *CVISN Guide to Credentials Administration* [63], *CVISN Guide to Safety Information Exchange* [64], and *CVISN Guide to Electronic Screening* [65] for guidance about documenting requirements at the functional level in more detail.

You will probably prepare several specifications for the program. Most will be associated with particular system components for particular projects. You may decide to contract for some services for the program as a whole. For example, you may decide to procure services of a System Architect to perform system engineering and integration services for the program as a whole.

Through technical specifications you define what you want from a vendor. The vendor may be the typical external commercial provider, or may be an internal source via an inter-agency agreement. The degree of formality in the specification depends on the associated risks. **Be sure to be specific enough to have recourse** if the vendor does not perform to your satisfaction. You can get out of a contract based on a technical specification only if the specification has clear, unambiguous, measurable statements.

You may want to write fairly high-level technical specifications for the program or for individual projects at the start. Then during each phase you would define specific requirements the vendors should satisfy for that phase.

The technical specification should be reviewed by the technical team, the end-users, and, for external vendors, by your legal agency. There should be enough wiggle room in the specification for the vendor to apply creativity where you want it, but not so much that you are kept in the dark about what you will be getting. Specify where you want them to use standards and where they are optional. Remember that the contract is there for when everyone is upset with one another; otherwise you wouldn't need one.

6.6 Issue the RFP (Step 5)

The Request for Proposal (RFP) officially disseminates the technical specification to prospective bidders, and tells them what they must do to get and keep the job. The RFP sets the parameters and criteria for evaluating proposals. The RFP is often also used to set the parameters for measuring progress.

In the RFP, you usually ask respondents to list relevant experience. The RFP is also a place to specify "quality" factors (reliability, availability, maintainability, etc.). You should explain what kind of technical documentation you want, and the review process you'll use to make sure the vendor is on track.

Planning for system testing is part of every stage of the lifecycle, including this one. Include test requirements in the RFP. If vendors know up front what tests the product(s) must pass at the end, they will do a better job of estimating cost and providing a satisfactory product.

The vendors' responses should include the kind of information that you included in your program and project plans. You need to be able to evaluate the proposals and make a choice about who will do the job, so be sure to ask for sufficient information to make that decision.

6.7 Evaluate the Proposals (Step 6)

The process of evaluating the responses to your RFP should be expedient, well-defined, and very organized. The evaluation factors must be set out as part of the RFP. The evaluation process should address cost, schedule, performance, and technical factors. The evaluators should be part of the program team, and have a vested interest in making sure that the "best" proposal wins. You should have a scorecard that each evaluator fills out.

Usually, evaluation criteria involve both objective and subjective factors. Both kinds of factors should have objective scoring systems. Subjective factors let you consider "fuzzy" vendor attributes such as experience, past performance, and a demonstrated understanding of your CVISN needs. As long as the subjective factors are evaluated with integrity, the evaluation process and results will be defensible.

In the process of evaluating proposals you often need to go back to one or more respondents to get clarifying information. Be careful that you are not being unfair to one vendor during that phase. It is tempting to ask leading questions if you have a better feeling about one proposal than another. Don't! Keep the process open, above-board, and free of bias.

Employ skepticism and common sense in evaluating the proposals. If you think a vendor is promising to do more than is possible for a certain price or in a certain time period, capture that concern in the evaluation process. If that vendor wins the job, be sure the contracting vehicle gives you a way to measure progress and take action if performance isn't what it needs to be.

Part of evaluating proposals is to check with current and previous customers. You wouldn't contract with the electrician who took three times longer than planned to re-wire your neighbor's house; similarly don't contract with a vendor who left every other state dissatisfied. But be sure to ask fair questions when you check with current and previous customers. Pose the kinds of questions you'd be willing to answer about your own vendors. Ask questions that will give you a fair reading about the long-term performance, not just a snapshot of yesterday's frustrations or last week's triumphs.

6.8 Award Contracts (Step 7)

Several of the references [18-20, 22-24] have excellent advice about how to write contracts for ITS services and products. Be sure to review them before you get to this step. Appendix E captures many key points from those references. The bottom line is to pick the right contracting vehicle and manage risks. You are paying, and should be in control; set up the contract to keep you there.

6.9 Take Advantage of Lessons Learned

Chapter 7 summarizes published CVISN and ITS lessons learned.

Please also see Appendix G which includes lessons learned from early CVISN states.